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February 24, 2003

Docket Management System
U.S. Department of Transportation
Room Plaza 401
400 Seventh Street, SW
Washington, DC 20590-0001

RE: FAA Docket FAA-2003-14246 - 35

Enclosed are documents in opposition of the privatization of the New Orleans Lakefront Airport.

Please review carefully and take the necessary steps to put an end to the very deceitful, dishonest practices of the Orleans Levee Board.

Best regards,

Kevin Williams

February 24, 2003

Dear Honorable Congressman David Vitter,

This letter is in reference to the privatization of the New Orleans Lakefront Airport. You may already be aware that the Orleans Levee Board has been trying to privatize this airport for quite a while. The "Attorney Work Product" done by the Senior Counsel outlines some disturbing facts about American Airport Corporation (AAC).

Accompanying this letter you will find documents that I will label as exhibits. First of which will be:

Exhibit A:	***"Attorney Work Product"***
Exhibit B:	***"Special Committee Airport Meeting"***
Exhibit C:	***Two letters for AAC and TBI***
Exhibit D:	***"Airport Privatization Financial Proposal Evaluation"***
Exhibit E:	***"Airport Privatization Under Federal Law and Lease of the Lakefront Airport"***

This information contains part of the facts that were known about AAC, yet AAC was still awarded the lease for the airport with the Orleans Levee District.

Please investigate this matter to the fullest because this privatization is flawed and should not be allowed to be finalized.

There also is a conflict of interest since Larry Sisung does acts as a consultant for the Orleans Levee Board and he bears part ownership of United Profession Corporation, which is a partner of American Airport Corporation (AAC).

This information will also be sent to the Federal Aviation Administration (FAA) in opposition of the privatization of the New Orleans Lakefront Airport.

Minutes of the Special Airport Committee Meeting
Held on May 1, 2001
Second Floor, Board Room,
Administration Building
New Orleans Lakefront Airport

PRESENT:

The Honorable James E. Livingston, Chairman, Special Airport Committee
The Honorable Marlin N. Gusman, Member, Special Airport Committee
The Honorable Robert E. Smith Lupo, Member, Special Airport Committee
Mr. Randolph Taylor, Member (non-voting), Special Airport Committee
Mr. Albert Pappalardo, Member (non-voting), Special Airport Committee
Mr. Gerard Metzger, Member (non-voting), Special Airport Committee

FURTHERMORE PRESENT:

The Honorable James. P. Huey, President
The Honorable Victor A. Landry, Vice President
Max Hearn, Executive Director
Stevan Spencer, Chief Engineer
Gary Benoit, Senior Counsel
Gerard Metzger, OLD Legal Counsel
Al Pappalardo, Pappalardo Consultants, Inc.
Walter Baudier, DEI
Jorge Gonzalez, IMG
Mary E. Herbert, Comptroller
Jim Bollinger, Assistant Comptroller
Louis Capo, Internal Auditor
Robert Maureau, Marina
Randy Taylor, Airport
William A. Hood, The Godfrey Firm
Larry Sisung, Sisung
Lane Sisung, Sisung
Jackie Darensbourg, Pontilly Assoc.
Richard Leemann, Pontilly
Joan H. Giron, Pontilly
Nick Caridas, Airport Restaurant
Frank Donze, Times-Picayune
Robert Simms, Pontilly
Mable Simms, Pontilly
Roselyn B. Boneno, Lake Oaks
Georgiana Ford, Pontilly
Olive Pevert, Pontilly
Dit Panfile, Million Air
Guy Smith, Million Air
Ken Allison, Million Air
Scott Fuller, AAC
Kris Thabit, AAC
Sean Smith, Sisung
Catherine Preveaux, Pontilly
Ernest Antoine, Jr.,
Lynette Bertrand, Pontilly
Pauline Bertrand, Pontilly
Victor A. Gordon, Pontilly
Delores Brown, Pontilly
B. Marshall, Pontilly

FURTHERMORE PRESENT: (Cont.)

Carolyn Johnson, Pontilly
Joel P. Jenkinson, OLD
Addison Carey
Glenda Boudreaux, Director's Office
Linda Gutierrez, Director's Office

Commissioner Livingston called the Special Airport Committee Meeting to order at 3:07 p.m., and requested that anyone wishing to ask questions or make a comment fill out a speaker card and give it to Mr. Stevan Spencer. He thanked the staff for a fine job working with IMG on this effort, and stated he understood there were some different opinions as to the ultimate outcome of the two proposals. He advised the Committee was prepared to listen to both sides and invited the companies that were involved to ask questions after the briefing, if they wished to do so. Commissioner Livingston asked Executive Director Max Hearn to commence the briefing at this time.

Mr. Hearn stated he would like to go through the briefing, then proceed with questions and answers.

President Huey clarified this was a meeting of the Special Airport Committee, comprised of Commissioner Livingston, Chairman, and Commissioners Lupo, Gusman and Harris, but noted Commissioner Harris was unable to attend the meeting. He advised he and Vice President Landry were observers for the Committee.

Mr. Hearn stated the purpose of this briefing was, first, to present a clear and concise overview of the proposals submitted by American Airports Corporation (AAC) and TBI Airport Management, Inc. (TBI) for the privatization of Lakefront Airport; second, to present the evaluation and analysis of these two proposals; and third, to present recommendations to the Committee. He advised, in making their evaluation and analysis, the staff considered the finalists' experience, reputation and financial condition, as well as the thoroughness and reasonableness of their proposals.

AAC is a relatively new airport management company and is affiliated with American Golf, American Technologies, L.L.C., and United Professionals, L.L.C. It has a management contract for and operates the WDR Airport Services FBO at Windor-Barrow, GA Airport, and also operates the Supermarine FBO and a hangar complex at Santa Monica, CA. The company was recently awarded a five year management contract in November, 2000, at seven airports previously managed by COMARCO: five in Los Angeles County, Altoona, PA and Tacoma-Narrows, WA.

TBI is one of the largest private operators in the world, and, along with its merged companies, has provided airport management services in the United States for over 68 years. Airports and airport facilities under their management include locations in California, Florida, New York, Australia, Canada, Great Britain and South America, and almost all of these are under long-term lease-development-management contracts.

Mr. Hearn stated the staff conducted an in-depth review and analysis of the airport development/marketing plan submitted by both AAC and TBI. He showed a chart listing items from each company and advised these would give an idea of what each candidate hopes to achieve at Lakefront Airport.

Mr. Hearn noted quite a few of the items were similar. AAC's plans included charter operations and corporate and aviation support services, an aircraft maintenance facility, an avionics sales and repair facility, aircraft sales, small package air service, a 40,000 sq. ft. terminal building and limited jet service to the Northeast. TBI's plans included a domestic and international charter service, expanded business jet service, small package air service, a new aviation business building, a new commercial building, a corporate jet maintenance center, a terminal area hotel and restaurant and regional air service. He pointed out the last two items for each company were long-range plans.

Mr. Hearn advised the staff examined the impact of the privatization on the 34 employees it currently has. AAC offered 22 positions to qualified personnel, salaries comparable to OLD salaries and safety and performance bonuses. TBI advised it has 34 positions available for qualified employees, salaries are comparable to OLD salaries, and it would begin an employee transition plan that will be coordinated to meet OLD and LA Civil Service directives.

Another factor considered by the staff was the amount of capital each company is committing to invest at Lakefront Airport for capital improvements. AAC's technical proposal stated 90% FAA Airport Improvement Program (AIP) and 10% State AIP; TBI's stated 50% from TBI, 40% FAA AIP and 10% State AIP.

Commissioner Livingston asked Mr. Hearn to explain for the benefit of the audience what this meant.

Mr. Hearn advised the airport improvement funding at this time is 90% FAA funded and 10% State funded. Once the program goes to privatization, the FAA will only contribute 40% of discretionary AIP project funding to the private operator and the remainder would come from the private investor and the State.

Insofar as lease payments, AAC is offering $250,000 annually, CPI adjusted, plus 50% of the gross revenue (net fuel) in excess of a baseline of $4 million, CPI adjusted annually. TBI is offering $300,000 annually, CPI adjusted, or 50% of the net profit before taxes, whichever is greater. He noted if "gross revenue, net fuel costs" or "net profit" are properly defined in the negotiation process, in the staff's opinion, either methodology would be acceptable. Mr. Hearn presented a graph which displayed the advantage of the TBI proposal over the first 10 years of the agreement, using the lease payments the candidates believe will be paid to the District. He noted the TBI values exceed the AAC values primarily because of payment methodology, despite the fact that TBI's forecasted growth rate in revenues is less than that projected by AAC. TBI projected a 5% annual growth rate in revenue, while AAC projected a growth of 13% annually. Mr. Hearn advised the figures on the chart were ten year cumulative totals based on the bidder's projections: AAC's showed approximately $3.3 million, and TBI showed approximately $6.8 million.

Mr. Hearn presented a second chart which showed the relative values of lease payments for the two candidates over the first 20 years of the agreement using a uniform 5% annual growth rate in revenues and net profit. He explained this was presented primarily to show that the advantage of the TBI proposal would continue under what the staff considered a reasonable growth rate. In the staff's opinion, projecting financial outcomes beyond this timeframe would be too uncertain and was not included in the decision criteria.

Next, a table was presented which compared the net present values for both candidates for both the 10-year and 20-year periods, as calculated by the staff and IMG. Mr. Hearn explained, in years, 1-10, the staff used projected revenues and expenses from the two proposals and applied the bidder's lease payment structure. In years, 11-20, the staff applied a 5% growth rate for both companies. A revenue ratio of 57% was used for AAC, while a revenue to expense ratio of 72% was used for TBI; this represented an average of the last few years of that first 10-year period. In years 11-20, IMG used 70% of gross revenues for AAC, while using a 75% average ratio of expense to gross revenue for TBI. Due to the differences in assumptions, there were variances in the amounts between the staff and IMG; however, both indicated TBI's proposal would be better for the District.

Mr. Hearn stated staff analysis of the financial proposals favored TBI for years 1-10, as well as years 11-20; any projections beyond that point would be speculative and should not be included in the decision criteria. TBI's technical proposal directly addressed the requirements of the pilot program, and its technical proposal was superior because it was more comprehensive and specific. It also conveyed a greater understanding of the District's and community's concerns and desires for development of Lakefront Airport.

Mr. Hearn presented a financial and accounting impact for the Commissioners which showed, if the District receives only the minimum payments--$250,000 for AAC and $300,000 for TBI--less depreciation of $1.4 million, there will still be a net loss of $1.1 million. However, this amount of loss will decline significantly in year six when depreciation decreases to $806,000 and again in year nine when it decreases to $460,000. He added, if the District receives the projected lease payments from TBI, the loss would end in 2005.

At this time, Mr. Hearn turned the floor over to Mr. Jorge Gonzalez of IMG.

Mr. Gonzalez stated, for the first part of the evaluation, IMG pretty much agreed with the assessment made by the staff. He reviewed the process IMG followed in evaluating the financial proposals. Mr. Gonzalez advised two final and best offers were received from TBI and AAC. IMG basically reviewed the formula based on the pro-formas that were originally submitted and looked into any possible mistakes or problems that had been shown in the previous proposals. He noted the OLD will be paying the same office rent to both bidders, so there was no effect in the outcome of the results. A 6% discount rate was used, instead of the typical private commercial rate, which was on the order of 15%, since they were looking at this purely from the perspective of the OLD. In order to evaluate the proposals, a common scenario was created based on gross revenues. To determine the sensitivity of the proposals and make sure all of the different scenarios proposed by both bidders were being considered, IMG presented three scenarios: high, medium and low. The proposals were also evaluated based on their pro-formas. The scenarios that were used basically considered different growth rates for the gross revenue. Primarily, there were growth rates for the first ten and twenty years; after twenty years, different growth rates were created. He showed the outcome of IMG's assessment on a chart and noted it was the same as the staff's. Mr. Gonzalez pointed out IMG computed the 50-year number, and, as was concluded by the staff, TBI's proposal is stronger for the first twenty years, and AAC's proposal starts to become stronger in the longer term of the lease. He advised the chart showed what percentage of the total gross would be paid to the District. He pointed out, in the first ten years, AAC's percentage payment of gross revenues was fairly small; even on the high scenario, it was less than 6%. TBI would be paying approximately 10% to 11% of gross revenues to the OLD. After twenty years, he noted, the figures would basically be pretty close to each other, and, at the fifty year mark, it was clear that AAC's percentage share of the gross revenues would be a lot higher than TBI's. IMG tried to determine whether there was any point at which AAC's proposal and TBI's proposal would differ and whether there was a point where AAC's proposal was better than TBI's or vise versa. Mr. Gonzalez stated, on the low scenario, it was clear TBI's proposal was stronger than AAC's. He added, the crossover on the medium scenario would occur at about 25 years, which meant TBI's proposal was stronger for the first twenty-five years; AAC's tended to be stronger for the second 25 years. On the high scenario, the crossover point was approximately 2017, which meant, for the first seventeen years, TBI's proposal would be stronger than AAC's.

Mr. Gonzalez stated there were other financial issues and other factors that needed to be taken into consideration in the evaluation of the proposals and noted these proposals are sensitive to changes in the assumed revenue growth rates. Overall, the proposals were quite different; one was based on gross revenues, and the other was based on net profit. TBI's proposal was better for the first 25 years, and AAC's proposal, based on gross profits, tended to favor any increase in gross revenues. He advised one of IMG's concerns was that net revenue-sharing typically has been problematic insofar as trying to assess, audit and manage it, so IMG basically wanted to raise a flag that a proposal based on net revenue typically is more controversial than a proposal on gross revenues, primarily on the auditing as to what can and can not be considered in net profit.

Mr. Gonzalez reiterated some of the comments made by the staff: TBI has extensive international experience, and AAC has grown largely based on the recent acquisition of the COMARCO airport group; AAC's airport contracts are currently are on the short-term, while TBI's are more on the longer term.

Mr. Gonzalez advised IMG recommended that the OLD initiate negotiations with TBI for the 50 year lease agreement, but further recommended that negotiations be made preferably under a gross revenue type arrangement, which would be a conversion of what it was proposing on a net profit basis. He added, if this could not be achieved for any reason, IMG strongly recommended that the language and the structure of what is going to be considered in a net profit type of venture be clearly defined and set in the draft lease agreement. If neither of these measures could be achieved, IMG recommended that the OLD use AAC as an alternate and begin negotiations.

Commissioner Livingston thanked the staff and IMG for a good update and opened the discussion to members of the Board for questions relative to the briefs.

Commissioner Lupo remarked IMG has done a great job. He recalled at the last briefing, IMG made a comment that it felt so uncomfortable with a net scenario that it could not recommend it. Today, IMG was advising one group has offered a net scenario and the other has offered a gross scenario, and even though IMG does not like the net scenario at all, it is recommending negotiating with the group offering what the OLB does not want to try to change its offer, instead of negotiating a better deal with the group that is at least offering what the OLB does want. He did not understand how IMG came to this conclusion from its position a few weeks ago.

Mr. Gonzalez stated the conclusion, as seen in IMG's recommendation, was quite clear that TBI's financial proposal is stronger than AAC's. He agreed with Commissioner Lupo's comment that IMG is very uncomfortable with any type of net profit arrangement and noted this has been expressed at every meeting . However, the strength of TBI's proposal and the structure of their technical proposal have provided IMG with a belief that it can initiate negotiations with them under a gross revenue scenario, and in discussions, TBI has expressed interest in this scenario.

Commissioner Lupo stated, a letter was sent to both groups asking for their final and best offer, and TBI indicated it was not interested in anything but a net scenario.

Mr. Gonzalez advised, concerning that letter, TBI removed the two contingencies which were the biggest concerns, other than the net scenario, and, at the same time, in discussions, expressed an interest in eventually going into a gross revenue alternative. At this stage, IMG was recommending negotiations with TBI because their financial proposal is fairly strong--even converted to a gross revenue, it is stronger than AAC's proposal. IMG believes the District would be better served with a TBI management contract under this scenario.

Commissioner Lupo noted Mr. Gonzalez kept referring to the strength of TBI's financial proposal, and stated he had one or two specific questions for IMG and the staff. He advised, looking at TBI's operating expense numbers, he saw a gross number in year one of $4.3 million, and asked Mr. Hearn what is the District's current operating expense for the airport.

Mr. Hearn responded that these initial numbers track what the OLD's numbers are in expenses.

Commissioner Lupo asked Ms. Mary Herbert, Comptroller, to address the Committee on this matter.

She advised she did not have these figures with her.

Commissioner Lupo stated these numbers are important because this recommendation is based on this perceived difference in revenue strengths, and a big part of this is how this difference is generated--how are expenses going to be cut or revenue increased. He felt the "increase revenue" end of it leaves a lot of leeway.

Mr. Gonzalez pointed out the proposers are offering a guaranteed minimum, so basically the issue would be the longer run. He stated both proposals are technically very strong, both proposals, from the marketing point of view, are very similar, and both firms are well regarded in the industry. One has more experience on long-term contracts, and the other is not what he would call a newcomer, but, basically, is new in the industry, however, it does have some long-term experience on a couple of contracts, and it acquired COMARCO recently. Basically what is left is the financial strength and actual structure of the proposals. He reiterated IMG is not comfortable with the net profit scenario, and strongly believes negotiations should be under a gross revenue arrangement. Mr. Gonzalez stated the percentage of gross revenues TBI is proposing is pretty consistent throughout the lifetime of the lease; approximately 11% to 12% of gross revenues will be paid to the OLD. AAC basically starts from about 3% to 4% and climbs to 14%, which shows ACC's proposal is better on the long-term--something that has been discussed previously. TBI's proposal is financially stronger for the first twenty-five years, under both IMG's and the staff's scenario, even though there is a little difference in the numbers.

Mr. Randy Taylor advised there might be some confusion with the numbers because the runway figures are included, but these are basically the correct numbers. He noted fuel prices have gone up and revenues have gone up, but so have expenses.

Mr. Hearn stated these numbers basically track the OLD's expense numbers, but these numbers came directly from the proposals.

Commissioner Lupo asked what was the operating expense for the airport last year.

Mr. Taylor replied, approximately $4.3 million.

Commissioner Lupo asked Ms. Mary Herbert, Controller, what were the fuel farm expenses.

Ms. Herbert responded, approximately $3.4 million.

Commissioner Lupo reiterated the total operating expense for the airport was $4.3 million, and asked whether this was correct.

Mr. Taylor stated, yes, if the runway expenses were backed out. Concerning the fuel farm, he advised these numbers were based on an average year, so they were correct.

Commissioner Lupo asked whether the year 2000 was an anomaly, and, if 1998, 1999 and 2000 were averaged out, would they come up with $4.3 million or something considerably higher.

Ms. Herbert replied, it would probably average out to this same figure.

Commissioner Lupo stated it obviously had to be a big part of the on-going analysis whether the numbers the bidders proposed were reasonable or skewed.

Mr. Hearn stated the staff felt the numbers TBI proposed for their expenses were reasonable, and noted they will have to make some type investment. According to everything he has seen in their pro-forma data, the investment figures are in the expense column.

Commissioner Lupo stated he was not seeing this because he was hardly seeing any growth other than a couple of percent in the first ten years.

Mr. Hearn directed his attention to the expense to revenue ratio starting out at 76%, going up to 80%, going back down to 78%, 79% and 77%, then leveling off about year six at approximately 71% to 72%.

Commissioner Lupo commented he thought the numbers were different, but he was not in a position to argue. He commented he was having a problem understanding the OLB's consultant making this recommendation, which was basically that, although one proposal is structured like the OLB wants, even though it is not a perfect proposal by any stretch of the imagination, the OLB should enter into negotiations with the other proposer to get them to change their minds because their proposal is not the structure the OLB wants and is, in fact, the type structure the OLB is afraid of. He commented he did not know how fair this is.

Commissioner Livingston asked that they continue with the questions and get back to that point.

Commissioner Gusman stated he did some figuring on his own, but before he got into these numbers, even though it was a rhetorical question, he wanted to ask Mr. Gonzalez what is the penalty if the company does not meet the revenue projections. The OLB asked what was the minimum rent, and one gave the minimum rent "plus" another amount; the other gave a minimum rent "or" another amount, whichever is the greater, so they have to compare these two. He asked if there is a penalty for not meeting a revenue projection; e.g., if someone put in a revenue projection estimating they could make $6,327,000 in year three, what happens if they don't make that amount.

Mr. Gonzalez stated this was a very good question, and one of the reasons IMG estimated its own gross revenue projections. He explained the numbers shown were based on those projections. IMG took the revenues that historically the OLD has been making and projected them based on industry standards, which basically eliminated any very aggressive revenue projections. Mr. Gonzalez advised there is no penalty for not meeting a revenue projection. He stated both proposers are guaranteeing a minimum payment. One is a $300,000 minimum, based on a net profit share, and the other is a $250,000 minimum based on a percentage of gross revenues, whereby the OLD would receive a share of anything above $4 million.

Commissioner Gusman asked, according to IMG's estimates, whether it expects gross revenues to be above $4 million.

Mr. Gonzalez replied, yes, this is true.

Commissioner Gusman remarked IMG expects the gross revenue to be above $4 million, so it expects to get the minimum plus more.

Mr. Gonzalez advised this was correct.

Commissioner Gusman noted the other proposal offered a minimum or 50% of net revenue, whichever amount is greater.

Mr. Gonzalez stated the gross amounts IMG established were fairly conservative, but he felt the comment was more related to the fact that there is a clear difference between the approaches, as Commissioner Lupo had mentioned. In one proposal, the OLD shares the whole thing, and in the other, it shares on the actual profit of the deal, which depends on how efficient the operator is. In the other proposal, the OLD shares regardless, because the "efficiency" issue is not there. This can be looked at in many different ways, and it does not create any incentive for one or the other. He stated IMG prefers to avoid the net profit and noted, at Sanford-Orlando where IMG was the consultant to the client, TBI originally wanted a net profit deal, but IMG persuaded them to convert to a gross revenue deal.

Commissioner Gusman recalled one of the charts showed in the worst case scenario in the first ten years, the OLD could expect to get $6,200,000, which he thought looked good. He divided $6.2 million by 10 and came up with approximately $620,000 annually; then, following up on Commissioner Lupo's comments, he started looking at the gross revenues. Commissioner Gusman advised there was a discussion earlier at the Finance Committee meeting about the fuel farm, which has gross revenues of approximately $3 million, and the expenses of the fuel farm are pretty close to $3 million, so the profit margin is very small. If he backed out this $3 million or so from the $4 million or so, this would leave about $1.2 million, of which he is expecting to get, on average, 50% of the gross revenue. At this point, he thought something had to be wrong with these numbers. So, he asked Mr. Gonzalez, what was wrong with the numbers.

First of all, Mr. Gonzalez stated, these numbers have to be adjusted by today's number, basically $600,000 net present value. The other thing is that TBI's proposal regarding the actual profit is based on a net profit of around 22%, before taxes. He advised he would have to look into the actual details of each number as to how IMG computed the actual profit. He asked, because the profit on fuel is so small, whether Commissioner Gusman felt, even in the future, the amount would be so small that the share in profit would not be comparable to $600,000 a year.

Commissioner Gusman responded, from his standpoint of narrowing this down on the financial side, he was thinking about the fact that the OLD is going to have to reach in its pocket to pay rent, and he was also thinking about what the OLD would be putting in its pocket, so when he saw the $6 million figure, he got excited; he thought this was good because the OLD is losing money. However, when he started looking at the figure and following up on what Commissioner Lupo said, in addition to the earlier conversation about the fuel farm, he began to question how this could really happen. Commissioner Gusman stated, in answer to Mr. Gonzalez's question, no, he did not see the fuel farm reaching this expanded type of profit margin. He did not doubt that both of these operators would increase the sales, but he felt there would still be a tight margin on the difference between the cost of fuel versus the sale of fuel.

Mr. Gonzalez advised, looking at the pro-formas again, in general, the increase in revenue and the increase in profit is not related directly to fuel, and IMG pretty much kept the current profit on fuel constant in its gross revenue projections. He stated the profit is being made in other areas such as charters, additional maintenance, lease payments, etc.

Commissioner Gusman stated his point was that, if this was the case, then the gross revenue figures were going to have to get a lot higher than what he was seeing, because they know what the fuel farm profit is, which Mr. Gonzalez himself said is small, and for someone to pay 50% of gross would be pretty tough.

Mr. Gonzalez stated 50% of net profit, or 50% of gross over $4 million.

Mr. Hearn noted, with CPI.

Commissioner Gusman stated this would still be tough, and this was why his first question was regarding a penalty if these projections are not met.

Mr. Gonzalez stated the particular chart he was using showed the percentage of the total revenues generated used to pay the OLD the amounts shown. He pointed out, in the 10 year program under the most likely scenario, which was conservative, IMG estimated AAC would be using 3½% of their gross revenues to pay the amount they would be sharing with the OLD, while TBI would be using 10.7%. As time goes by and revenues start increasing, AAC's share of this gross revenue would be higher because of the way the proposal was structured, while TBI's would stay pretty constant; this is on the long-term.

Mr. Taylor stated the OLD is currently generating about $1.3 million to $1.4 million in rent. Even if the rent is doubled to $2.8, and fuel sales doubled to $1.2, the amount would be at the bottom floor of the $4 million, so the OLD would receive $250,000.

Commissioner Gusman asked to which proposal was Mr. Taylor referring.

Mr. Taylor replied, AAC's proposal.

Commissioner Gusman asked, under this same scenario, how much would the OLD receive from TBI.

Mr. Gonzalez advised TBI's minimun payment would be $300,000.

Mr. Taylor stated he did not know because he did not know what their expenses would be.

Commissioner Gusman stated what Mr. Taylor just told him was that the OLD would receive $50,000 more if the rents and fuel doubled.

Mr. Taylor reiterated if the rent and the fuel sales were doubled, the OLD would be right at the floor of the $4 million, so it would receive $250,000 from AAC. He did not know what the OLD would get from TBI because he did not know what their expenses would be for the year.

Mr. Hearn advised this information was in the pro-forma data.

Commissioner Lupo stated the Airport Director just hit on it; he used the words "I don't know what their operating expenses would be."

Mr. Taylor explained he did not know, but he could look this information up.

Commissioner Lupo remarked, on this type deal, he would have to say Mr. Taylor did not know, and felt Mr. Gonzalez would agree with this statement.

Mr. Taylor advised this could be spelled out.

Mr. Gonzalez stated this was basically why IMG's recommendation qualified this issue; if a comfortable agreement can not be reached wherein the costs that go into that proposal can not be clearly identified, then IMG recommends walking away from the deal.

Commissioner Livingston stated the Board is going through a very difficult process trying to understand the various parameters of these deals because fifty years is a long-term commitment on the part of the Board. He felt both proposals have certain elements the Board appreciates, and suggested that, at this point, unless any member of the Board objected, perhaps it would be appropriate to have the two companies, if they were interested, make a brief statement relative to any conversation held thus far at this meeting. Commissioner Livingston asked whether AAC or TBI would like to make any summary comments.

Mr. Hearn stated this was a public meeting, and Mr. Scott Fuller of AAC was present, but neither AAC nor TBI were specifically invited.

Commissioner Gusman asked if anyone from TBI was present.

Mr. Hearn reiterated that they were not specifically invited.

President Huey commented this was a public meeting, and he was glad AAC was present due to the fact that there were a lot of questions. He certainly felt TBI should have been present, as well, whether or not it was officially said they had to be present, since the Committee and consultant would be making a recommendation with whom the OLD should enter into negotiations, and asked whether there was any reason for this.

Mr. Hearn stated, they assumed that the recommendation would be made to the Committee, therefore neither company was specifically invited.

President Huey asked whether TBI was aware this Committee meeting was being held and chose not to come.

Mr. Hearn stated this was his mistake because, during a conversation that past week, TBI specifically asked whether the OLB wanted or needed a representative to be present, and he advised he did not think so.

President Huey asked whether TBI knew it was going to be recommended.

Mr. Hearn replied, no.

President Huey stated his point was that TBI was aware the consultant was going to make this presentation, and, as a matter of fairness, they had an opportunity to be here.

Commissioner Livingston felt what should be emphasized and what was apparent from the President's comments was that they need to make sure there is absolute fairness in this process. He assured the audience there was no intent on the part of the subcommittee to make any decisions at this meeting relative to either one of these proposed contracts for this airport. Commissioner Livingston stated they are looking at where they are in this process, where they can continue to assure fairness and how they can represent the public in this process in the most fair manner. He added, the situation was that the Board has provided a recommendation based on their analysis, TBI is the recommended provider from the staff, and there are comments coming from the Board's consultant, IMG. There were some differences of opinion at certain points in the process and these differences needed to be evaluated. He asked, at this point, for AAC to comment, and added, this offer was extended on the basis that this was an open process and the Committee would listen to any comments, but had no recommendation at this point to make to the Board relative to either one of the providers.

Mr. Scott Fuller, Vice President, advised AAC appreciated the Committee's efforts and understood a lot of time, work and review was involved. He stated AAC understood the Committee, the staff and IMG has spent a lot of time on this project, and AAC has spent a lot of time on it, as well. AAC has been in this process now for a year and has spent a lot of time and has gone into a lot of detail in its proposal, laying out all of these numbers which the OLD supplied on expenses, etc. He noted five members of the team were present, and AAC is very interested in this project, this airport and this process—so much so, that, if AAC is selected, it is considering moving the east coast operations of the company to New Orleans from Atlanta. Mr. Fuller stated he wanted an opportunity to address some of the issues presented at this meeting. He noted, there were 28 positions in their proposal, not 22 as shown in the presentation. Insofar as short-term management agreements, AAC only has two that are under five years. It has ten-year agreements, which are leases wherein AAC is responsible for the expenses of these entire airports and noted, at Los Angeles alone, AAC has a minimum payment per month of $235,000. He reiterated AAC would like an opportunity to address some of these issues and felt there is a lot more work and research to be done. He advised AAC appreciated the Board's time and appreciated being at this meeting.

Commissioner Livingston stated he did not feel they were in a position, unless any of the Board members recommended otherwise, to negotiate or elaborate on either one of the proposals at this meeting. He asked the Board members for any comments or recommendations as to how they should proceed on this matter.

Commissioner Lupo stated they had heard from the OLD's consultant, for whom he has great respect, a proposal that did not seem to him to be a fit with the information they had in front of them. He did not understand how the OLB could enter into negotiations with a group which does not offer the structure it wants, in the hope of persuading it to change, after it has given the OLB two letters that state it wants to stick with the net, but, in fact, would talk about a gross situation in years to come, when there is another proposal, which he had problems with, as well, but at least has the structure the OLD wants. Commissioner Lupo asked whether there is a way to continue negotiations with these two groups at the same time because they have two very divergent proposals. He stated he has problems with both of them in certain aspects, and he knew the OLD's consultant has a major problem with one of them. Commissioner Lupo advised he could not see going ahead and negotiating with somebody who has already said that the major linchpin in how this is going to be structured is something both the consultant and he personally have grave misconceptions about.

Commissioner Livingston felt they had two fine companies and good information, but the point was now, how the subcommittee would manage, review and evaluate the information and carry a recommendation to the Board. He offered the Board, as a point of discussion, a suggestion that perhaps a couple of the members, on behalf of the subcommittee, could get together with a third party who would be able to lay out this information more clearly to the two selected members, after which they would bring it back to the subcommittee for subsequent evaluation. Once that takes place and the subcommittee agrees on a course of action, then it could take its recommendation to the Board.

Commissioner Gusman interjected that his concern all along has been that this be a good fit for the community and noted a lot of people from the community were present. He stated it was nice to talk about getting a lot of money, and he hoped the OLD would get some money, but he felt it was more important that they talk about how they can grow this airport on a measured basis that is not in conflict with the community, so the community and the operator have a great relationship from the very beginning. Commissioner Gusman advised he was not adverse to Commissioner Livingston's suggestion. He felt this decision was too important for the OLD to rush into and too important for the OLB to just decide to go with the proposer that gave the best numbers, rather than look at which is the best company with the best fit.

President Huey noted, when he was in Baton Rouge briefing some Legislators, he related Commissioner Gusman's thoughts to them when they mentioned the issue of community input. He added, the OLD needs to reach out more to the community and pointed out that, holding this meeting at this time of day, many working people may not have an opportunity for input. President Huey suggested that, while Commissioners Lupo and Livingston work with an expert in Washington, who is an attorney and has already been active as a consultant to the group on some legal matters, to enter into some sort of parallel negotiations with these groups, Commissioner Gusman head up the public relations aspect to bring both of these proposers to the community to answer questions on the noise issues and what would be included in the proposals as far as commitment to the community. He felt, from this standpoint, the process could move forward.

Commissioner Gusman remarked President Huey was talking about public relations, but he wanted this to be a community partnership as far as input.

President Huey advised, from the public relations standpoint, there has been a lot of community input, and now they need to start getting some answers. He stated he has said during this entire process that he is anxious to have a selection because these are the people the community will be dealing with on a day-to-day basis, and he felt the community needs to know what commitments they will make. President Huey felt this was an opportunity to accomplish this and move the process forward at the same time. He pointed out there is a timeline to meet with the FAA to qualify for this pilot program and suggested that the OLB share with the FAA that parallel negotiations are taking place.

Mr. Metzger advised the deadline to submit the final application is August 9, 2001, so, either a final application will be submitted, including the lease, or if a substantial agreement on the lease is reached, the final application will be submitted. He stated the OLD could give the FAA a status report because they are very interested in the interplay with the community and the community's reaction to the agreement that will be reached, and that will be considered in their approval. Mr. Metzger added, the FAA will conduct a public meeting after the sixty-day comment period, which will begin once the final application is accepted by the FAA, so the community will have an additional chance for input. He stated it is important to hold public meetings and respond to the public's questions and concerns because this is part of the qualifying process for the pilot program.

President Huey suggested, from the Committee's standpoint, that Mr. Metzger contact Mr. Murdock.

Mr. Metzger noted this was Mr. Sandy Murdock with Shaw Pittman in Washington, D.C.

President Huey added, Commissioner Livingston could then start setting the parameters of the recommendation and bring it to the full Board. He felt the Board was in concurrence, noting a quorum was present, that this would not slow down the process.

Commissioner Livingston stated, in summarizing the subcommittee's wishes, that he and Commissioner Lupo would act as the focal point for the subcommittee in terms of negotiating the contract, and Commissioner Gusman would be the focal point for the community for input and to reconcile any issues with the community. The OLB would bring in Mr. Murdock to help negotiate the deal with the two companies on a parallel basis, and Mr. Metzger could act as the liaison between the members of the staff, IMG and the subcommittee, if necessary, to continue to move the negotiations along. In addition, Mr. Metzger would help him and Commissioner Lupo facilitate negotiations in conjunction with Mr. Murdock. Commissioner Livingston offered this as a recommendation to the Board. In conclusion he asked whether there were any questions or input from the community.

Chief Engineer Stevan Spencer advised three speaker cards were submitted.

Mr. Victor A. Gordon of 4531 Dreaux Avenue stated he was happy to hear the community would be included. This was the first time he had heard them say there are some concerns that need to be discussed up-front, and the OLB is willing to allow the community to have some input. He added, if this is the direction the Board is going to take, he welcomed it, because there are a lot of things that could not be discussed in a meeting like this, but with the interchange that they hope will occur, the community will be allowed to have this dialog. Mr. Gordon advised, if the Board goes this route, he felt assured it would receive support from these communities. He commented this was what they were hoping for, and he hoped the OLB would follow through on its promise.

President Huey thanked Mr. Gordon for his comments and expressed the OLB really appreciates this community input. He stated the OLB understands the community is affected by this and encouraged these groups to have as many community members as possible attend meetings to express their concerns.

Mr. Gordon assured, once the OLB opens the gate, the community will be there.

Mr. Ernest Antoine, Jr., who lives at 4644 Stephen Girard Ave., stated, as the previous speaker said, the community would like to have input in making decisions about what will be done with this airport, and he was glad the community was being included in this process.

Ms. Joan Giron advised at the last meeting, she asked whether there was any way the Commissioners could take a look at these other airports and bring back reports on the noise, which was her key problem. She inquired whether they could e-mail some of the neighbors in these communities and ask what these companies are doing as far as noise, traffic, and all of the other things that would bombard the neighborhood. Ms. Giron felt it would be good for the OLB to be making money because the community would benefit, but also felt that, if things are not assessed correctly, there could be a lot problems with noise. She stated her main concern was to communicate with other communities that already have airports and get feedback from them regarding how these companies are handling things. Ms. Giron noted the OLB has promised liaisons and advised that area residents have spoken with Mr. Taylor on numerous occasions, but added, they would like to avoid problems.

Mr. Richard Leemann of Pontilly stated, as residents sat and listened to the discussion at this meeting, it was obvious they have a concern with regard to the outcome affecting the next fifty years. He hoped the OLB will get a corporation or company that will run this airport efficiently and will be user-friendly to the residents in the area. Mr. Leemann expressed the community wants this to be a progressive airport, but not at the expense of the people who live around it. He felt the general feeling of the residents was to get the best company, then they can work together to have a progressive airport and go to into the next century with a very profitable and commerce oriented type airport. Mr. Leemann commented, in addition to Ms. Giron's suggestion of a possible video or audio conference with various neighbors who live adjacent to these other airport, perhaps a future meeting with the residents of other airport communities across the country that both of these companies manage would be a good way to get some input. He expressed the community wants to work with the OLB and wants to get the best deal for everyone.

Commissioner Livingston stated he deeply appreciated the comments on the part of the neighbors around the airport and asked whether there were any other remarks.

Dr. Rose Boneno, President of Lake Oaks Association, recommended that the OLB look very hard at its own Airport Committee's recommendations because they used real numbers. She commented people can present proposals using anything, but the Airport Committee used real numbers, and these need to be looked at because they are close to the scene. Ms. Boneno stated, with all due respect, these consultants were paid a lot of money, but asked who are the consultants, did they use real numbers or did they create a scenario. She added, she did not know the consulting firm, but in some respects, she did not know how they compared these two proposals. It was very difficult for her to understand how in some areas they could even be compared; she felt this was next to impossible. Ms. Boneno stated the community just wants the best and most experienced company to be selected for the good of all. She pointed out, if they are looking out fifty years, they should think about what happens in the first twenty years, because, if it does not succeed in the first twenty years, it won't matter what happens in fifty years.

Dr. Addison Carey advised he resides at 4844 Mendez Street in Pontchartrain Park, and his residence is near the corridor where the airplanes land and take-off; sometimes he feels like he is right under the corridor where they land and take-off. He stated the community wanted some assurance that when the deal is made and the contract is let, there will be some written stipulations in the contract concerning noise abatement, landings and taking-offs, and they would like this assurance to run into the future. Dr. Carey remarked, in the next two or three years, they could get all the promises they want, but asked what about ten or fifteen years down the road. He advised they would like representatives from the community to be notified of any meetings and have them work with the subcommittee so their needs can be heard.

President Huey stated the number one concern in the community is noise abatement, and one of the things the OLB would negotiate putting in the lease would be that if they are going to bring in any type of new flights, etc., that the FAA would conduct a Part 150 Study of the effects of noise in the community. He added, these are the type things they would like to have in the lease to give the community assurance that they would have input in any decisions.

Commissioner Livingston stated that the FAA requires such actions; this is not something the OLB can avoid, and it is required to take action, as directed by the FAA.

Dr. Carey stated they wanted the action the OLB takes to be clear and specific, not ambiguous, so everyone is reading from the same book, so to speak.

Mr. Kris Thabit, the Chief Operating Officer for AAC, stated there was some misconception about who AAC is. He mentioned a flyer went out in the community that did not say the nicest things about the company, but this is the type thing you deal with when you are going into a situation where people don't necessarily know who you are. Mr. Thabit advised their combined companies have over 39 years of experience in the aviation industry, so it is not like they are some fly-by-night operation that just started. He noted, COMARCO, which AAC purchased in November, 2000, has 16 years of experience, and it wasn't like they got all new people that didn't know how to run airports. Mr. Thabit advised American Golf was mentioned in their previous proposal because it is a sister company that has the same ownership and brings a lot of financial strength to AAC, if there was any concern about that issue. In addition, AAC has never purchased any bankrupt companies. It is a very profitable company, and that is information they would be willing to share with the OLB at any time.

Commissioner Livingston stated, in fairness to the process, he would have to cut Mr. Thabit off at this point, and added, he felt fairness had been exhibited by the actions of the Board.

Mr. Thabit thanked the Board for a fair process.

President Huey stated one thing that could be learned from this meeting was how important community input is going to be in this process.

Mr. Thabit stated there was another point he wanted to make because he knew it was a major concern. He commented he would be surprised if there was an airport community in the country that would not be concerned if an airport was going to be turned over to a private entity because of the uncertainty about the future, and, because they own homes in the area, residents would want to make sure whoever operates the airport would be someone they could trust and work with. Mr. Thabit added, it sounded like the OLB would be conducting dual negotiations with both firms, and, whether this would start next week or in two weeks, he was making a commitment that AAC would set up a meeting with the community, at a place and time that works for the community, in order to have focus groups talk about AAC and the community's concerns. He added, whether AAC gets the contract or not, they will understand the community's concerns and issues when they begin negotiations with the Commissioners.

Commissioner Livingston summarized that the actions on the part of the Board at this meeting regarding moving toward parallel negotiations and listening to the two briefs, was in no way intended to imply that they do not have a lot of confidence in the people who are involved in the process. He felt the Board and the subcommittee wanted absolute fairness to this process. There has been information put into the public domain which may have distorted the intent or direction of this subcommittee, so this is the reason it is moving along this particular track. He felt this would ensure absolute fairness to both companies. He asked whether there were any other comments, and there were none.

There being no further comments or other matters brought before the Committee, the meeting was adjourned at 4:25 p.m.

American Airports Corporation

April 6, 2001

Board of Commissioners &
Aviation Committee
Orleans Levee District

re: New Orleans Lakefront Airport – Best and Final Financial Proposal

Dear Members:

American Airports Corporation is extremely excited about the opportunity to operate the Lakefront Airport on behalf of the Orleans Levee District. We believe that we will do an exemplary job for the Levee District by generating the highest income while being sensitive to the needs and concerns of the community.

At the request of Infrastructure Management Group, we are submitting this Best and Final Financial Proposal. We reviewed our proposal with the goals of providing the Levee District with a higher minimum payment, a simpler rent structure and greater participation in the upside of the airport.

We propose the following financial structure in place of our previous proposal:

- Minimum rent shall be $250,000 per year, increased by the CPI.
- Additional rent shall equal 50% of the gross revenue in excess of a baseline of $4,000,000. This baseline amount shall increase by the CPI.
- For the purposes of defining gross revenue, fuel revenue shall be limited to the flowage fees collected by American Airports Corporation.
- All terms and conditions of our previous proposal remain unchanged.

We hope that our revised proposal helps the Levee District better achieve their goals, and we look forward to the opportunity to serve the Levee District and community as the successful operator of Lakefront Airport.

If you have any questions, please do not hesitate to contact Kris Thabit or Robert Clifford.

Sincerely,

David G. Price
Chairman

DGP:pa

2951 – 28th Street
Suite 3000
Santa Monica
California 90405
Tel (310) 664-4051
Fax (310) 664-4360

TBI
AIRPORT MANAGEMENT, INC.
Two Red Cleveland Blvd., Suite 207
Sanford, Florida 32773
Phone: 407.391.2003
Fax: 407.323.9794

6 April 2001

Mr. Steve A. Steckler
President
Infrastructure Management Group, Inc.
4733 Bethesda Avenue, Suite 600
Bethesda, Maryland 20814

Dear Steve,

TBI Airport Management, Inc. thanks Infrastructure Management Group, the New Orleans Lakefront Airport, the Orleans Levee District and the Board of Commissioners for the opportunity to provide our best and final offer on the long-term lease and operation of the Lakefront Airport.

This letter will serve as confirmation of TBI's Financial Proposal as submitted November 7, 2000 with the following exception. Please delete the second and third paragraphs on page 3 of same proposal. We are confident that the minimum guarantee to OLD, and most importantly the opportunity for greater financial reward based on our shared vision for NOLA in our public-private partnership, is both fair and equitable to both parties.

We also acknowledge OLD's desire to complete negotiations on a contract in an expedited manner. Upon selection as the preferred bidder, we will conduct a thorough review of all representations concurrent with contract negotiations and the FAA comment period. We feel comfortable that an agreement in concept can be reached within 30 days. Furthermore, there should be no reason that we cannot have an executed contract prior to the completion of the FAA comment period.

We are prepared to travel to Lakefront as required to respond to any questions or comments regarding our proposal. More so, we look forward to assisting the Orleans Levee District in realizing their vision for Lakefront Airport and a public-private partnership. We look forward to hearing from you.

Sincerely,

Larry D Gouldthorpe

Larry D Gouldthorpe, A.A.E

Financial Proposal, Fee Schedule and Lease Terms

Introduction

TBI is prepared to offer a superior financial bid for the long-term lease and/or sale of New Orleans Lakefront Airport. We have the experience, history and the resources necessary to enter into a mutually beneficial partnership with the Orleans Levee District that shares reward and risk for each party. We will welcome the opportunity to negotiate a sound lease agreement with the OLD that will be profitable to each party and result in the progressive investment and development of NOLA to its fullest potential.

*

~~However, TBI's preliminary investigation of the assets to be transferred, the various financial reports and the late changes to the proposed lease agreement suggest some uncertainty in terms of the asset valuation and the capital investment necessary in the early period of the relationship. Given this circumstance, TBI's bid is contingent on our completion of a thorough financial due diligence, building, field facility and equipment assessment and the formulation of a sound capital improvement plan during a six month transition period.~~

*

~~Understandably, these factors weigh heavily on the valuation of the asset and the future potential for asset growth of NOLA that can only be determined by thorough discovery and evaluation. TBI's aim during the six-month transition period is to fully understand the information presented to the bidders so that a mutually beneficial final bid can be made to the profitability of each party. Never the less, TBI has arrived at the methodology by which OLD and TBI will mutually and equally share in the profits derived from the operation, maintenance and development of NOLA.~~

* DELETED APRIL 6, 2001

Airport Privatization
Financial Proposal Evaluation

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-year Sum
CPI@3%	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	
NPV Discount@6%	1.0000	1.0600	1.1236	1.1910	1.2625	1.3382	1.4185	1.5036	1.5938	1.6895	
AAC											
Lease Payment	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016	$195,716	$1,719,582
Net Present Value	$150,000	$145,755	$141,630	$137,621	$133,726	$129,942	$126,264	$122,690	$119,218	$115,844	**$1,322,690**
Alternate Schedule	$550,000	$0	$0	$0	$0	$173,891	$179,108	$184,481	$190,016	$195,716	$1,473,212
	$550,000	$0	$0	$0	$0	$129,942	$126,264	$122,690	$119,218	$115,844	**$1,163,958**
TBI											
Lease Payment	$300,000	$309,000	$318,270	$327,818	$337,653	$347,782	$358,216	$368,962	$380,031	$391,432	$3,439,164
Net Present Value	$300,000	$291,509	$283,259	$275,242	$267,453	$259,883	$252,528	$245,381	$238,436	$231,668	$2,645,380
Fuel Sales											
Gallons (projected)	3,000,000	3,150,000	3,800,000	4,200,000	4,600,000	4,830,000	5,071,500	5,325,075	5,591,329	5,870,895	
avg.cost per gal. including taxes	$1.200	$1.236	$1.273	$1.311	$1.351	$1.391	$1.433	$1.476	$1.520	$1.566	
Fuel Expense	$3,600,000	$3,893,400	$4,837,704	$5,507,344	$6,212,809	$6,719,153	$7,266,763	$7,859,005	$8,499,514	$9,192,224	
avg.sale price per gal. (cost + airport fees)	$1.400	$1.442	$1.485	$1.530	$1.576	$1.623	$1.672	$1.722	$1.773	$1.827	
Gross Fuel Revenue	$4,200,000	$4,542,300	$5,643,988	$6,425,235	$7,248,277	$7,839,011	$8,477,891	$9,168,839	$9,916,099	$10,724,261	
"Net" Fuel Revenue (Gross - Expense)	$600,000	$648,900	$806,284	$917,891	$1,035,468	$1,119,859	$1,211,127	$1,309,834	$1,416,586	$1,532,037	
Rentals											
lease/rental income	$1,400,000	$1,450,000	$1,500,000	$1,300,000	$1,365,000	$1,433,250	$1,504,913	$1,580,158	$1,659,166	$1,742,124	
Airside Rev.											
landing fees	$3,600	$3,900	$29,000	$41,500	$54,000	$56,700	$59,535	$62,512	$65,637	$68,919	
flt.handling charges	$0	$0	$125,000	$187,500	$250,000	$262,500	$275,625	$289,406	$303,877	$319,070	
Total Airside Rev.	$3,600	$3,900	$154,000	$229,000	$304,000	$319,200	$335,160	$351,918	$369,514	$387,990	

New Orleans Lakefront Airport

AAC Proposal

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-year Sum
CPI@3%	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	
NPV Discount@6%	1.0000	1.0600	1.1236	1.1910	1.2625	1.3382	1.4185	1.5036	1.5938	1.6895	
AAC											
Minimum Lease Pmt.	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016	$195,716	$1,719,582
Tier 1 Threshold (15%)	$2,340,000	$2,410,200	$2,482,506	$2,556,981	$2,633,691	$2,712,701	$2,794,082	$2,877,905	$2,964,242	$3,053,169	
Tier 2 Threshold (40%)	$4,000,000	$4,120,000	$4,243,600	$4,370,908	$4,502,035	$4,637,096	$4,776,209	$4,919,495	$5,067,080	$5,219,093	
Projected Revenues											
airport leases/rentals	$1,400,000	$1,450,000	$1,500,000	$1,300,000	$1,365,000	$1,433,250	$1,504,913	$1,580,158	$1,659,166	$1,742,124	
"net" fuel revenues	$600,000	$648,900	$806,284	$917,891	$1,035,468	$1,119,859	$1,211,127	$1,309,834	$1,416,586	$1,532,037	
other airside revenues	$3,600	$3,900	$154,000	$229,000	$304,000	$319,200	$335,160	$351,918	$369,514	$387,990	
TOTAL Revenues	$2,003,600	$2,102,800	$2,460,284	$2,446,891	$2,704,468	$2,872,309	$3,051,200	$3,241,910	$3,445,266	$3,662,151	
Tier 1 Revenues	$0	$0	$0.	$0	$70,777	$159,607	$257,117	$364,005	$481,024	$608,982	
Tier 1 Lease Payment	$0	$0	$0	$0	$10,617	$23,941	$38,568	$54,601	$72,154	$91,347	$291,227
Tier 2 Revenues	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Tier 2 Lease Payment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lease Pmts.											
Total Lease Payments	$150,000	$154,500	$159,135	$163,909	$179,443	$197,832	$217,675	$239,082	$262,169	$287,063	$2,010,809
Net Present Value	$150,000	$145,755	$141,630	$137,621	$142,136	$147,832	$153,453	$159,003	$164,488	$169,912	$1,511,829

New Orleans Lakefront Airport

TBI Proposal

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-year Sum
CPI@3%	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	
NPV Discount@6%	1.0000	1.0600	1.1236	1.1910	1.2625	1.3382	1.4185	1.5036	1.5938	1.6895	
TBI											
Minimum Lease Pmt.	$300,000	$309,000	$318,270	$327,818	$337,653	$347,782	$358,216	$368,962	$380,031	$391,432	$3,439,164
Projected Revenues											
airport leases/rentals	$1,400,000	$1,450,000	$1,500,000	$1,300,000	$1,365,000	$1,433,250	$1,504,913	$1,580,158	$1,659,166	$1,742,124	
gross fuel revenues	$4,200,000	$4,542,300	$5,643,988	$6,425,235	$7,248,277	$7,839,011	$8,477,891	$9,168,839	$9,916,099	$10,724,261	
other airside revenues	$3,600	$3,900	$154,000	$229,000	$304,000	$319,200	$335,160	$351,918	$369,514	$387,990	
TOTAL Revenues	$5,603,600	$5,996,200	$7,297,988	$7,954,235	$8,917,277	$9,591,461	$10,317,963	$11,100,915	$11,944,779	$12,854,375	
Projected Expenses											
(TBI estimates)	$4,354,000	$4,711,000	$4,959,000	$5,191,000	$5,409,000	$5,550,000	$5,715,000	$5,902,000	$6,091,000	$6,230,000	
(IMG estimates)	$5,627,219	$5,683,492	$5,740,327	$5,797,730	$5,855,707	$5,914,264	$5,973,407	$6,033,141	$6,093,472	$6,154,407	
(Airport estimates)	$5,784,000	$6,142,920	$7,154,710	$7,893,860	$8,670,920	$9,251,007	$9,874,574	$10,545,049	$11,265,139	$12,041,849	
Net Profits											
(TBI pre-tax net profits)	$1,249,600	$1,285,200	$2,338,988	$2,763,235	$3,508,277	$4,041,461	$4,602,963	$5,198,915	$5,853,779	$6,624,375	
OLD 50% profit share	$624,800	$642,600	$1,169,494	$1,381,617	$1,754,138	$2,020,731	$2,301,482	$2,599,457	$2,926,890	$3,312,188	$18,733,397
(IMG pre-tax net profits)	-$23,619	$312,708	$1,557,661	$2,156,505	$3,061,570	$3,677,197	$4,344,556	$5,067,774	$5,851,307	$6,699,968	
OLD 50% profit share	$0	$156,354	$778,831	$1,078,252	$1,530,785	$1,838,599	$2,172,278	$2,533,887	$2,925,654	$3,349,984	$16,364,623
(Airport pre-tax net prof.)	-$180,400	-$146,720	$143,278	$60,375	$246,357	$340,454	$443,390	$555,866	$678,640	$812,527	
OLD 50% profit share	$0	$0	$71,639	$30,187	$123,178	$170,227	$221,695	$277,933	$339,320	$406,263	$1,640,443

Lease Pmts.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-year Sum
Using TBI Expense Numbers:											
Total Lease Payments	$624,800	$642,600	$1,169,494	$1,381,617	$1,754,138	$2,020,731	$2,301,482	$2,599,457	$2,926,890	$3,312,188	$18,733,397
Net Present Value	$624,800	$606,226	$1,040,845	$1,160,033	$1,389,442	$1,510,007	$1,622,454	$1,728,788	$1,836,367	$1,960,479	$13,479,441
Using IMG Expense Numbers:											
Total Lease Payments	$0	$309,000	$778,831	$1,078,252	$1,530,785	$1,838,599	$2,172,278	$2,533,887	$2,925,654	$3,349,984	$16,517,269
Net Present Value	$0	$291,509	$693,156	$905,321	$1,212,525	$1,373,908	$1,531,370	$1,685,180	$1,835,591	$1,982,650	$11,511,412
Using AIRPORT Expense Numbers:											
Total Lease Payments	$300,000	$309,000	$318,270	$327,818	$337,653	$347,782	$358,216	$368,962	$380,031	$406,263	$3,453,995
Net Present Value	$300,000	$291,509	$283,259	$275,242	$267,453	$259,883	$252,528	$245,381	$238,436	$240,467	$2,654,158